

**JOINT SESSION
COMMITTEE ON ACCOUNTS, ENROLLMENT & REVENUE
ADMINISTRATION
&
COMMITTEE ON COMMUNITY IMPROVEMENT**

April 16, 2003

5:00 PM

Chairman Shea called the meeting to order in joint session with the Committee on Community Improvement.

The Clerk called the roll.

Present: Aldermen Shea, Wihby, Guinta (late), Thibault (late), Smith,
Lopez, O'Neil

Chairman Shea advised that the purpose of the joint session is discussion with various departments regarding CIP account bond balances.

On a motion of Alderman Lopez, duly seconded by Alderman O'Neil, this item was moved for discussion.

Mayor Baines stated I just want to remind the board that the flurry of paperwork that you received I want to make sure this letter that went to the board gets to be part of the official record. It was dated April 8th regarding tax-exempt bonds and federal tax requirements and I'd like to read it into the record.

“Attached is a letter that I received from Ropes & Gray, Bond Counsel to the City, which addresses important federal tax requirements that apply to the City's tax-exempt bonds, which I thought you should review. The letter raises the important federal tax issue that the City's tax-exempt bonds should not be issued too far in advance of the reasonably expected spending of the tax-exempt bond proceeds.

In general, we have based the amount of our tax-exempt bond issues on the CIP requisitions that were submitted by various departments which appeared to show that requested amounts would be spent promptly (usually during the fiscal year of the request). However, currently, we have unspent proceeds from tax-exempt bond issued by the City in 1993 in the amount of approximately \$865,000. Ropes & Gray advises that we need to allocate these unspent amounts to other capital projects of the City as soon as possible. Accordingly, the Board of Aldermen should allocate these amounts to other Capital Improvement Program expenditures at the earliest possible time.

In addition, the procedure going forward must change. Ropes & Gray has suggested a procedure which would require the City's departments and agencies to provide detailed information on the proposed expenditures, including the expected drawdown schedule, to the City's Finance Department. We intend to implement this procedure going forward."

I'm looking forward to your discussion this evening and obviously the Finance Officers are here with us this evening. I do want to state also that I know Mr. MacKenzie has presented some options to the board that are available and a couple of other projects that I still think are worthy of consideration. One is some bond money to go toward filling the gap with the senior center project. Now that that issue is behind us and we're out raising approximately a million dollars, we've acquired all the property, I still think it would be in the best interest of the City to get that project moving forward to help supplement the fund raising effort that's going on as well. Secondly, another project that might deserve a look is the City library. There have been many requests through the years about air conditioning the City library. So as you deliberate I think you should look at first of all you're going to be verifying the amounts available, looking at adopting new procedures and ensuring the money is spent expeditiously in accordance with the guidelines that are essential, and look at the variety of needs in the City that may benefit from funds that are available at this time.

Alderman Wihby asked Mayor can't we take the \$865,000 and use that to offset some of the proposals that you had this year in order to save some money on the tax rate?

Mayor Baines replied in terms of the debts...I don't know Randy if you want to speak specifically toward that...there are a lot of options that are available to the board. I guess our concern this time is that the money get allocated because we could be subjected to some...

Alderman Wihby asked can't we allocate it to the projects that you wanted already and reduce that amount?

Randy Sherman answered that you could, the only thing that I would ask is that what we're trying to do with this \$800,000 and change is spend it like within the next six months. One of the projects we have in next year's CIP is for Notre Dame bridge. Now that's most likely going to get done in the next six months, so we certainly could use that money and then pull that out of the Mayor's budget.

Alderman Wihby asked how much do we save by doing that?

Mr. Sherman answered I'm not sure. I think you've got like \$350,000 or something in there...

Alderman Wihby continued if we reallocated that \$865,000, how much would that be? Ten cents on the rate?

Mr. Sherman replied anything that you have in the '04 budget you wouldn't see an impact this current year anyway because the debt service payments wouldn't come due this year. But for \$800,000 - \$900,000 probably in the \$70,000 range a year going out.

Kevin Sheppard stated as requested we submitted a summary of our bond balances. I'm not too sure how you want to address those.

Alderman Lopez stated the sheet I'm working off is March 31st. If you go to 1994 and 1995, 370794 and 370795. Can you give me an explanation on that? You've \$255,096 and I'd like to get an explanation. When is that going to be spent and is that committed or are there contracts or what?

Mr. Sheppard answered that line 52 and 53 both deal with the sanitary landfill closure. Based on, as I wrote in my write up, the numbers that were received, we're actually under contract with the contractor to complete that. We expect that to happen by this summer or fall. So based on the numbers that we've had and some savings that we've had during the closure process, I'm anticipating line 52 that bond essentially being a balance and once that project is complete possibly a balance in the other line also. At this point I'd like to keep that bond open for this project.

Alderman Lopez stated I don't know how we should do this. May be you should just tell us what you've got there instead of me jumping around to different department because the way I did this I went by year. If you want to go from 1997 and then jump to 1998 if you have anything in 1998 and 1999 and 2000.

Mr. Sheppard stated our department is 500 and building maintenance is actually 210, if you look through the department list. In 1998 is actually a City Hall security audio/visual. They've been working with the Planning Department. I spoke to Pamela over at Planning and I guess they're looking at utilizing that money. I'm not too sure if Bob could speak a little bit more on that. It's money for City Hall that was put under our building maintenance division that was used for renovations here at City Hall.

Alderman Lopez stated before getting to Mr. MacKenzie, I understand there's \$20,000 in next year's CIP. Is that going to drop it or can something be done immediately with this money or can we transfer it and then use the \$20,000 coming forward?

Robert MacKenzie stated there was \$20,000 in next year's budget for City Hall.

Alderman Lopez asked under security?

Mr. MacKenzie replied there was a smaller amount than requested for City security. I'm not sure how that amount of funds will go. Red Robidas had requested a more significant amount. In the Mayor's proposed budget there was some funds. I believe it was \$150,000, which will not cover all of the projects identified. But I did just want to reference the balance, the relatively small balance in that account was going to be used to hopefully upgrade the audio system here in the chambers and roughly \$2,000 was requested by Red Robidas for additional security measures here in City Hall.

Alderman Smith asked number 30 riverfront development, when you sent down your list from the department is was, I like your comment that says \$20,000 of these funds will be used to finish up the current Riverwalk project. The remainder will be confiscated by the Mayor.

Mr. Sheppard stated I apologize for terminology. That got past my desk. I don't think it was intentionally written that way. I believe there was a plan potentially...someone had told us that the Mayor had requested that those funds be transferred to another project.

Alderman O'Neil stated if I may Mr. Chairman if we could just work backwards just to go through the highway either the 500 series or the 210. Kevin in 1997 this Wilson School and underground storage tanks, both showing balances. Those are items 47 and 48.

Mr. Sheppard responded Wilson School and it was our understanding and we have to work with Finance, that money was actually transferred to Parkside project during that time. The underground tank project is a balance that we have held because we've had no guidance in the past as a contingency basically in case the City runs into underground tank problems i.e. the project where Margarita's is. There was an underground tank on that project and we helped clean up and remove that tank out of these funds.

Alderman O'Neil asked but is that money available that \$2,000? But the Wilson is not.

Mr. Sheppard responded right that money is available but in the future we'd recommend the City have some type of emergency fund in case we do purchase a property or own a property that has an underground tank.

Alderman O'Neil stated if we go up to line 37, School Energy Improvements, efficiency improvements, \$1,900 roughly.

Mr. Sheppard replied that's a retainage from Noresco who performed that work. Right now we're working with the school district to execute a maintenance agreement for that project. Originally that maintenance agreement was under their contract but that

was pulled out finding out that you couldn't bond maintenance, so we've been working with the school district over the past year or two to execute or have them execute a maintenance agreement with Noresco. Part of the problem we've had is obviously the business administrators have changed over the past couple of years.

Alderman O'Neil asked so it's really not available then?

Mr. Sheppard answered right and that's actually a school district. I don't know if you really sort out the difference between the school district balances and a City balance, but that would be school district.

Alderman O'Neil replied OK, then if we just go to the first page in 2000 bonds the 500 series projects. Again I apologize I'm trying to work off that sheet and then go back to the other one.

Mr. Sheppard the first one is one Alderman Smith spoke about, the riverfront development. In the section improvements, there is a balance in that and that is money that we've worked with planning and traffic to try and identify intersections that may need work. That money was used for intersections such as Hackett Hill, Wellington Road, E. J. Roy Drive, Weston Road, and Jewett Street and now those projects are complete. There's another one, bridge rehab, which is number 32 and that balance is going to be used as part of the Notre Dame bridge.

Alderman Thibault asked did the license come across with anything on this bridge repair thing? What are we doing about that in the future as far as them spreading their lines over our bridges and whatever?

Mr. Sheppard replied I believe Mr. Sherman was just explaining to me that that is still in negotiations with Verizon. I'm not familiar with those discussions.

Alderman Smith asked I believe its number 16, sidewalk improvement program and are you still anticipating doing the school sidewalk program for Allen Street? I know you put it down there as \$65,000 for Allen Street.

Mr. Sheppard answered our next project actually going out to bid is Mooresville Road, Allen Street is on the list and I believe that's one of the next projects on the list. We've got to take a look at what balance we will have and what monies we'll get in next year's budget to determine which sidewalk we will do. Typically we take a look at the total amount available and look at our priority list and see which sidewalks will fit within that. I believe Allen Street may fit within that.

Frank Thomas asked I was wondering if it would be possible going back to line 52, 1994 sanitary landfill, the stop date is December 31st. As you know we have a major project coming up, the Granite Street widening project and will be looking for a substantial amount of funds in next year's CIP. I was wondering if that \$255,000 balance maybe could be reallocated into the Granite Street widening project. We could probably use some of those funds right now to continue with the engineering, potentially get into land acquisition and it would be probably a million dollars less that we'll need in next year's CIP. The second issue that I wanted to raise was line 31, the intersection improvement project. Kevin is right. This is a project that we work in conjunction with the Traffic Department and the Planning Department, however, we do not have a project defined right now and if you're looking potentially utilizing that money, a recommendation that I would like to offer for consideration is that that be reallocated into the sidewalk program. As you know there are a lot of demands for the construction of new sidewalks, and additional \$47,000 or \$53,000 whatever's in there, would be a benefit. I guess I just offer those two suggestions to the committees here for consideration.

Alderman Wihby asked what was the number of the last one?

Mr. Thomas responded the last one the intersection improvements was on line 31 and there's a balance in there of \$53,877 and I'd be recommending that be transferred into the school sidewalk program.

Alderman Wihby asked what is the number, or there is no project? It shows up variously on sidewalk improvements, number 16. In the CIP budget right it would reduce? The \$255,000 was to reduce it or to add to it?

Mr. Thomas answered we're not talking about reducing it actually talking about adding to it. The \$255,000 which is the sanitary landfill project I was suggesting that be transferred into the Granite Street widening project and added to it. That's correct. That would be line 52.

Alderman Wihby asked transferred to what? It's not here?

Mr. Thomas replied it's number 4. The savings would be potentially in next year's CIP. In 2004 CIP.

Alderman Lopez asked just a clarification there is confusion here by giving us these numbers and we've been using the project numbers, so I need to know from Mr. MacKenzie in reference to his letter to us in transferring money from certain places if he could give us the project numbers that he transferred or he totally reallocated \$1,121,578.40 so that we're not getting confused that we're double dipping on this line item.

Mr. MacKenzie replied one is item 54 on this new list and the project number 262597. The CIP project number. The next project is on this listing number 27 and the CIP project number is 650200 and there's two riverfront development program, one is item 30 and the CIP number is 510100, and the last one is item 39 and the CIP project number is 510199. You should have four projects.

Alderman Lopez stated I am working off the March 31st sheet they provided to us the other day and then they came in with this one with new numbers and I just want to make sure they are corresponding with the letter that Mr. MacKenzie gave us.

Mr. Sherman stated Alderman the Committee on Accounts had been provided a list at one of their meetings and that's why we brought in the new list so everybody would have it. I understand Alderman Lopez has already marked his up and that's OK, but...

Alderman Wihby stated just to understand that was the recommendation for the Committee on Accounts to use up a million something on these four projects? Is that what I heard?

Mr. MacKenzie replied the CIP Committee when they recently met, we had worked with the Mayor and made a recommendation on certain projects and that was to fund Hallsville, Raco-Theodore, Al Lemire Field, and one other project. The Committee took no action on those. They referred it to this joint committee. I do have copies of that correspondence if the Committee would like them.

Alderman Wihby asked that was four projects and that was totaling how much? A million and one?

Mr. MacKenzie stated that total is a little over a million and one.

Mr. Sherman stated I'd like to make a clarification to make sure we're all headed in the same direction here. The letter that the Mayor read is referring back to a 1993 bond sale that the City had. So when they came out and said you still have over \$800,000 they were referring to just one bond sale. Typically under IRS regulations you really have two years to spend your bond money. There are some exceptions to that that allow us three years. We would like to see that everything from 2001 down, which at this point has already hit the two years and in a lot of cases some of them have hit eight, nine years. We really need to look at all those projects and what Mr. MacKenzie did, he's picked out four projects to move some money over to some other projects. He hasn't necessarily targeted that 1993 project, although the \$550 that he took from the 1037 Elm is part of that \$800,000 that bond counsel is talking about. But we really need to look at all these projects and I can fully understand the departments are coming in, certain things are open, they have certain target dates; we really need though to spend the money. It's OK if we've got some summer projects

that we can get rid of or something that we can get rid of before the winter again like the bridge and those types of things. But we really need to allocate those other dollars and not just let them sit here. Now it doesn't mean we can't find new dollars to replace something that maybe is hanging on that they can't wrap up, but we really need to look at all of those balances from 2001 down. Now the 2002 and 2003 don't cause us any problems yet because we haven't sold any of those bonds. It's two years once you sell the bonds and the 2001 were sold in 2001, so we're going to actually hit two years on that in November and those again are coming up real quick to just meet the IRS regs on the 2001. But it's everything from 2001 that we need to look at. Certainly the ones that are currently under investigation or under review by the IRS, the sooner the better. We obviously need to get rid of those as quickly as possible.

Alderman Wihby asked if we look at the new sheet you gave us and I assume we're looking at the second sheet first, going up 1997. You're talking about \$262,000, the \$241,000, \$491,000, \$961,000, and the \$1,388,000 which adds up to?

Mr. Sherman replied over \$3 million.

Alderman Wihby stated so you're talking about \$3 million that you're saying we should be reallocating?

Mr. Sherman replied if the department's go it, that's OK they just need to spend it. If there's the intersection project, if Frank can come back and say that \$53,000 is gone by the end of August, that's great, don't worry about it. But to turn around and say we're holding the retainage on the Noresco project and it's going to go past a six-month window, we can't do that. We would need to reallocate that and find something else to put aside.

Alderman Wihby asked do we have that on a sheet somewhere that says that the balance really isn't for 2001 a \$1,388,000, it's really \$388,000 because this million is going to be spent. Do we have that from the departments yet?

Mr. Sherman replied the departments have provided and I believe the City Clerk were to hand out their responses on all of the projects. Again some of the departments were real good about coming back in and maybe this was just a clarification issue in the request, coming back in and saying this is the time period we're going to spend these dollars on. Others just said the project is ongoing or here's why we haven't spent it. That doesn't really resolve the issue, we have to get a specific time frame.

Alderman Wihby asked take me through the first page, City Hall security. Where does that tell me the balances are?

Mr. Sherman stated I believe its line 44. That one has \$5,092 left and if one of the department heads, whoever is in charge of this account, can say yes that \$5,922 is going to be spent by end of the summer, then we don't have to do anything with it. We've just got to watch it and make sure it gets spent. The second one that's on City Clerk's is line 46. Those dollars that are left over, we bought voting machines, there was a balance left over. Those dollars haven't been touched in the last 4-5 years. That one should be closed out, moved to another project, and spent. Now if you want to move it to security, that's fine, move it to City Hall, get it spent and it goes away.

Alderman Wihby asked if I look at this sheet does this all add up to \$3 million?

Mr. Sherman replied I believe every department responded, so if you go through that whole list you should see every one of those projects. I didn't go through and match them up one for one, but the bulk of them are...

Alderman O'Neil asked Mr. Chairman I am more confused today then I was last week on this. We have too many different sheets. Is there a way the departments can get together and simplify this? Obviously they didn't have the Aldermen in mind when they were preparing this information. There's too many numbers...I'm really trying to follow all this but...

Mr. Sherman stated I certainly don't have a problem going back and sorting our project with our balances, with our dates and referencing that over to the departments' response. And even following up on those responses to get them clarified more as far as what is your scheduled period to spend those dollars. We can certainly do that and work with Planning.

Alderman O'Neil stated Chairman can I follow up and if Randy could...Frank has recommended a couple of things today that would be appropriate use. Maybe they could put another column and put this is our recommended use for this money and just kind of simplify this a little bit. For me anyway, I don't want to speak for my colleagues.

Alderman Lopez stated but what you've got to get rid of in 1993 up to 2001, understanding that they need it for something but you've got to get rid of it, and where we're going to put it, and what's left over. Because what Mr. MacKenzie has indicated the money that is allocated here for Memorial and Raco-Theodore and everything, so I think that has got to be put in there by a number. And then if you took all of this away from the sheet that you gave us, and you gave that separately, then you're only dealing with 2003 and 2002 bonding and then we'll know what to do.

Mr. Sherman stated we can do that. The other thing to I'll just add...we'll certainly work with Mr. MacKenzie because the departments that aren't represented here, like the Mayor brought up the Library project, John is not here to ask for it and defend the project. We'll go back though all of the CIP requests and try to again try to come up with the priority and how those.

Alderman Smith stated I'm just looking over the various departments and I think the highway department has a good resume here, they have the project number, the year, the expense budget, the expense balance and they also have the comments where they money is going to go to and I think if we have something like that I think that would clarify the situation for my fellow Aldermen.

Mr. Sherman stated sure, I think it would be easier for us to send something out and have the departments fill in a blank and get the answers.

Alderman O'Neil stated I would agree. I think what Highway did was the simplest form, very self-explanatory, all these eight or ten columns, I don't think we need all of that information in my opinion. So I agree with Alderman Smith.

Chairman Shea asked Randy is there any closing date that certain departments responded you claim that they might all have, but I notice that some have not really responded in my opinion, like the Health Department if they have any or certainly if there's nothing here...

Mr. Sherman replied the Health Department didn't have any.

Chairman Shea stated everyone that had something...they were reminded by this all of a sudden necessity is the mother of invention and...

Mr. Sherman responded actually City Clerk sent out the letter. The return date was Monday.

Chairman Shea asked what would the Committee members like to do?

Alderman Lopez stated I just want to make clear in my own mind now, when you say they responded... Let me just take one here on the Fire Department, Cohas Brook Fire Station, project number 411403 and 411202 was for the fire station. Then 831599 was fire facility improvement program. There's \$52,000 left. Now in talking to Brent we've given enough money to build the fire station and you have some leftover and so we want to do something else with it and I'm trying to figure out why the whole project is supposed to be included and you had surplus, now we want to do something else. Could you explain that just a little bit? What are you going to do with the

surplus that you have left over in 831599 when we could use it for something else unless you have something more important?

Fire Chief Joseph Kane stated that project, the Cohas Brook project, was broken out over a number of years. It is actually broken out into three different phases. The initial phase, the one that you're talking about, was fire facility improvement program, that was for Station 7 and Station 8 for design work on both of those stations. That's what it was allocated for was Station 7 and 8. The other two Cohas Brook items was because the project was funded over two years instead, but it wasn't enough bond capabilities for one year, they split the project in two. So you've got three things: one is design, and two different projects for building. What we should have probably been doing is paying down the design work under that first one but we were paying the design work out of the building, so that design money should have come out of that first one.

Alderman Lopez stated the balance of 831599 Brent said there's \$52,834 right there.

Chief Kane replied that's correct. We should have been paying the design work for Cohas Brook out of that \$52,000 out of the 411.

Alderman Lopez stated that's how we get into these problems I guess. We look at it as saying...to me it's a surplus but reality it's not a surplus what you're saying because you've been paying it down.

Chief Kane stated I have to apologize. I come here tonight and I listen to Randy and I've looked at our projects we have to say maybe there was some issue here that we didn't understand as a department. I learned tonight as I was here we definitely needed to be keeping a closer eye on these things and that being one of them.

Alderman Lopez stated the only other comment I have Mr. Chairman is what time frame are we going to give this project to come back?

Alderman O'Neil stated in a couple of weeks they should be able to get this cleared up.

Chairman Shea stated I was going to check with Bob MacKenzie as far as how long... How long Bob would you need to get back to the joint Committee? A week or ten days?

Mr. MacKenzie replied I think it could be done fairly quickly now that the departments understand the situation. We could meet with finance and probably have it done within the next seven days.

Chairman Shea asked Randy how about from your department?

Mr. Sherman replied that is fine but the only thing I would say I think we've got a school vacation coming up so as long as we don't run into any of the missing staff due to school vacations, but...

City Clerk Bernier interjected we could schedule it on May 5th.

Mr. Sherman stated that would give us three weeks and that would be more than fine.

Chairman Shea asked you folks understand what you have to do in order to make it simple and make...what we're saying in essence I believe is what funds are there to take care of bonding issues that are, so the funds will be used within a six month period and then it would be up to this committee to prioritize what they want done with the remaining funds. Is that clear to the members of the committees? Are there any other thoughts and ideas?

There being no further business to come before the committee, on motion of Alderman Thibault, duly seconded by Alderman Smith, it was voted to adjourn.

A True Copy. Attest.

Clerk of Committee